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Onassis Falls Short in Ship Deal

CPYRGT **Drew Pearson**

The situation involving the big, brusque Greek shipowner, Aristotle Onassis, and his entertainment of Jacqueline Kennedy and her sister Princess Lee Radziwill becomes more complicated by the week.

No later than yesterday, the Maritime Administration faced problems regarding a requirement of \$1,442,500 working capital that Onassis was supposed to have on hand but did not.

The money was supposed to be on hand Oct. 20, 1963 — Sunday — in connection with the construction and operation of the SS Monticello Victory, a 46,000-ton tanker built by Onassis under a subsidy plan with the United States.

Complicated Deal

It is a complicated deal and involves Onassis's children. When he was indicted under the Eisenhower Administration for setting up dummy shipping firms supposedly controlled by American citizens in order to buy surplus ships, Onassis changed his corporation.

He formed Victory Carriers, Inc., controlled by his two children by his first wife. The former Madame Onassis



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Greek and Onassis was an Argentine citizen, but the two children were born in New York when their parents lived in the United States. As minor U.S. citizens, they own a corporation, with their stock controlled by the Grace National Bank as trustee.

During the Eisenhower Administration, Onassis worked out a deal on behalf of his children's corporation by which 14 U.S. war-built vessels were turned over to Victory Carriers, Inc., in return for the building of three tankers to be added to the U.S. merchant fleet. Later this was changed to four tankers.

The original deal was made Jan. 25, 1957, though some modifications were subsequently approved by the Kennedy Administration on June 8, 1961.

The U.S. Government puts up mortgage money to help build these tankers, and in the case of two 46,000-ton tankers the mortgages totaled about \$28 million. One tanker, the SS Monticello Victory, was delivered on Oct. 19, 1961, and another, the Montpelier Victory, will be delivered on Oct. 31, 1963.

Failure Is Seen

Under Maritime Administration requirements, the Monticello Victory had to have working capital of \$1,442,500 on hand when delivered. This it met. But it was also supposed to have the same amount on hand two years

after delivery, namely, Oct. 20, 1963.

However, Maritime Administrator Donald Alexander last week stated: "It appears that this company will not have earned sufficient profits to have the required amount of working capital funds at that time."

"The failure to have such amount of working capital gives the right to the Maritime Administration to declare a default under the mortgage," Alexander added, however, that this had never been done.

"In the past, Maritime has waived or extended for limited periods of time the working capital requirement, including the Mount Vernon Victory," explained Alexander, referring to an earlier tanker operated by the Onassis children's firm.

Note—Onassis began life as a "maoundineris," which in Greek means a man who owns his own launch, lives on it, is the sole member of the crew. From this, Onassis has worked up to a point where he owns about 100 ships, plus Olympic Airlines, and at one time controlled the Casino at Monte Carlo.

Behind the Scenes

Fred Korth made his decision to resign as Secretary of the Navy after breakfasting with Secretary of Defense Robert S. McNamara. Korth had recommended that all

future ships of 8000 tons or more should be nuclear-powered. At breakfast he made a final, futile appeal to McNamara, came away with both his disposition and his digestion upset... West Germany's new Chancellor, Ludwig Erhard, has complained privately that Konrad Adenauer has not retired at all but is using his post as party chairman to try to control government policy from the back seat... Yugoslav President Tito has confided to American officials that Soviet Premier Khrushchev favors figurehead President, Leonid Brezhnev, as his successor. Brezhnev is a moderate and a believer in coexistence.

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